

PECORA'S CRITICISM AGITATES WALL ST.

**Exchange's Members Consider
Effect of Its Publication
on Coming Election.**

HANDLING OF CASE IS HIT

**Justice Charges Management
With Bucking Every Move
to Reform Trading.**

Agitated by the threat of a fight for the presidency of the New York Stock Exchange, members debated yesterday whether the caustic criticism of the Exchange's management expressed in the current issue of Collier's Weekly by Justice Ferdinand Pecora, who was a member of the Securities and Exchange Commission when it was formed, indicated a desire of the commission for a change in the administration of the Exchange. On his record as counsel for the Senate stock market investigating committee, Mr. Pecora was placed on the commission, but he resigned in January when he was appointed a justice of the Supreme Court of New York.

"Being a lawyer," Mr. Pecora wrote, "I naturally could not help observing the tactics of those on the other side of our famous investigation of Wall Street. Just as I thought the Stock Exchange handled its case worst, I thought the smartest group was that in the Chase National Bank."

After crediting officials of the bank with adroit management, Mr. Pecora asserted that the Stock Exchange "began by resisting every effort even to get the facts about its affairs."

Says Exchange Resisted.

"The Exchange," he added, "has continued its policy. Its invariable reaction to almost every suggestion has been that if the Senate or the commission does this or that, chaos will ensue. They have threatened chaos so many times that the cry has lost its force."

Mr. Pecora said that when the investigation of Stock Exchanges was begun, a questionnaire was sent to all of them in an effort to obtain "such information as it is easy to get about almost any other business from the ordinary published reports." Officials of the Exchange have refused to cooperate. The article continues:

"I instantly summoned to Washington eight or nine of the leading commission brokers on the Exchange. When they learned that the Exchange officials had refused to aid the committee in getting these simple facts, some of them were surprised. They expressed their complete willingness to supply the facts from their own offices and to aid the committee in getting the questionnaire answered by other brokers. We formed a committee of several of these men, such as E. A. Pierce, Gayer Dominick and John W. Prentiss as a liaison group between the Senate committee and the Exchange members. They gave their time, their staffs; held several long meetings with my own representatives and aided in every way in getting quickly and with comparatively little difficulty the facts we wanted. The officials of the Exchange passed up that opportunity and put themselves in a bad light and in wrong with the Senate investigators from the start."

Members Feared Reprisals.

Control of the Stock Exchange is in the hands of specialists and floor traders, Mr. Pecora said, describing these members as speculators and gamblers. It has always been impossible, he added, for the commission brokers to direct the affairs of the Exchange. The Exchange has had ways, he charged, "of making it hot for what it regarded as rebels. I urged members of the Exchange to speak out, but they feared reprisals, hence nothing was done for reform from within."

There is grave doubt, Mr. Pecora stated, whether floor traders should be allowed to operate on the Exchange and whether specialists should be permitted to trade for their own account. Both points are being studied by the commission.